

REBUTTAL TESTIMONY

of

BURMA C. JONES

Accountant
Accounting Department
Financial Analysis Division
Illinois Commerce Commission

Proposed General Increase in Gas Rates

Central Illinois Public Service Company, d/b/a AmerenCIPS
and
Union Electric Company, d/b/a AmerenUE

Docket Nos. 02-0798/03-0008/03-0009 (Consolidated)

June 5, 2003

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1 Witness and Schedule Identification

2 Q. Please state your name and business address.

3

4 A. My name is Burma C. Jones. My business address is 527 East Capitol
5 Avenue, Springfield, Illinois 62701.

6 Q. By whom are you employed and in what capacity?

7

8 A. I am currently employed as an Accountant in the Accounting Department
9 of the Financial Analysis Division of the Illinois Commerce Commission
10 ("Commission").

11 Q. Are you the same Burma C. Jones who previously filed testimony in this
12 proceeding?

13

14 A. Yes, my direct testimony was filed on April 2, 2003 as ICC Staff Exhibit
15 1.0.

16 Q. What is the purpose of your rebuttal testimony in this proceeding?

17

18 A. I am presenting the Staff of the Illinois Commerce Commission's ("Staff"

19 and "ICC") revised Revenue Requirement schedules for Central Illinois
20 Public Service Company ("CIPS" or "Company") and for Union Electric
21 Company ("UE" or "Company") (collectively, "Companies"). These
22 schedules are based upon the revisions that CIPS and UE made in
23 rebuttal testimony, and Staff's adjustments thereto.

24
25 I am also presenting testimony regarding outside services, rate case
26 expense, wage expense, pension expense, incentive compensation, and
27 the Voluntary Retirement Program ("VRP"). I have withdrawn my
28 adjustment to outside services, and the Company has accepted my
29 adjustments to pension expense, unamortized prior rate case expense,
30 and the 2003 salary increase for management employees. Contested
31 issues remaining include the amortization period for rate case expense,
32 the 2003 wage increase for contractual labor, incentive compensation, and
33 the savings and costs associated with the Voluntary Retirement Program.

34 Q. Are you sponsoring any schedules as part of your rebuttal testimony?

35
36 A. Yes, I prepared the following schedules for the Company, which show
37 data as of, or for the test year ending, June 30, 2002:
38

REVENUE REQUIREMENT SCHEDULES

Schedules 8.1CIPS & 8.1UE Statement of Operating Income with Adjustments

Schedules 8.2CIPS & 8.2UE Adjustments to Operating Income

Schedules	8.3CIPS & 8.3UE	Rate Base
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ADJUSTMENT SCHEDULES

Schedules 8.7CIPS & 8.7UE Outside Services Expense Adjustment

Schedules 8.8CIPS & 8.8UE Rate Case Expense Adjustment

Schedules 8.9CIPS & 8.9UE Wage Expense Adjustment

Schedules 8.10CIPS & 8.10UE Pension Expense Adjustment

Schedules 8.11CIPS & 8.11UE Incentive Compensation Expense
Adjustment

Schedules 8.12CIPS & 8.12UE Early Retirement Labor Expense Adjustment

Schedules 8.13CIPS & 8.13UE Vountary Retirement Program Costs
Adjustment

Revenue Requirement

Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.1, Statement of Operating Income with Adjustments.

61

62 A. Page 1 of Schedule 8.1 is the same as ICC Staff Exhibit, 1.0, Schedule
63 1.1, described on pages 3 and 4 of ICC Staff Exhibit 1.0, except that it
64 incorporates Company and Staff rebuttal positions. Page 2 compares the
65 Company's original position with its rebuttal position.

66 Q. Are there other changes to Schedule 8.1, as compared to Schedule 1.1?

67

68 A. Yes. The amount of PGA expense was changed to match the amount of
69 PGA revenue. PGA revenue and PGA expense were included in the
70 revenue requirement on Schedule 1.1 in order to facilitate recovery of
71 uncollectibles on the PGA revenue. However, as pointed out in the
72 testimony of Company witness Tom Opich (AmerenCIPS/UE Exhibit No.
73 14.0, page 10.), "...mismatches between revenues and expenses are
74 reconciled in the PGA process and should not be reflected in base rates."
75 Matching the PGA expense to the PGA revenue removes the effect of the
76 PGA from the revenue requirement.

77 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.2, Adjustments to
78 Operating Income.

79

80 A. Schedule 8.2 identifies Staff's rebuttal adjustments to operating income.
81 The source of each adjustment is shown in the heading of each column.
82 Column (Y) on Schedule 8.2CIPS and Column (Q) on Schedule 8.2UE are
83 carried forward to the respective ICC Staff Exhibit 8.0, Schedule 8.1,
84 Column (C).

85 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.3, Rate Base.
86

87 A. Page 1 of Schedule 8.3 is the same as ICC Staff Exhibit 1.0, Schedule
88 1.3, described on page 5 of ICC Staff Exhibit 1.0, except that it
89 incorporates Company and Staff rebuttal positions. Page 2 compares the
90 Company's original position with its rebuttal position.

91 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.4, Adjustments to Rate
92 Base.
93

94 A. Schedule 8.4 identifies Staff's adjustments to rate base. The source of
95 each adjustment is shown in the heading of each column. Column (I) is
96 carried forward to ICC Staff Exhibit 8.0, Schedule 8.3, Column (C).

97

Interest Synchronization Adjustment

Q. Please explain ICC Staff Exhibit 8.0, Schedule 8.5, Interest Synchronization Adjustment.

A. Schedule 8.5 uses the same concept as ICC Staff Exhibit 1.0, Schedule 1.5. The theory is discussed in ICC Staff Exhibit 1.0, pages 5 and 6.

Gross Revenue Conversion Factor

Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.6, Gross Revenue Conversion Factor.

A. Schedule 8.6 is the same as ICC Staff Exhibit 1.0, Schedule 1.6, described on pages 6 and 7 of ICC Staff Exhibit 1.0.

Outside Services

Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.7, Outside Services Expense Adjustment.

A. Schedule 8.7 reflects that I have withdrawn my adjustment to Outside Services expense. After my direct testimony was filed, the Company provided additional information that supports the amount of outside services expense that the Company originally filed. Based upon a review

117 of the information, I withdraw my adjustment.

118 Rate Case Expense

119 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.8, Rate Case Expense
120 Adjustment.

121

122 A. Schedule 8.8 reflects the Company's rebuttal position, which appears to
123 accept my adjustment to correct the prior unamortized rate case expense.
124 However, my adjustment to amortize rate case expense over a five-year
125 period is still contested by the Company.

126 Q. Why does Company witness Opich's statement that "the Companies
127 expect to seek further rate relief in three years" (AmerenCIPS/UE Exhibit
128 No. 14.0, page 15.) not persuade you to change the amortization period
129 for rate case expense to three years from the five years proposed in your
130 direct testimony?

131

132 A. Staff received the following response to Staff data request CIPS&UE-BCJ-
133 6.02, which inquired if it is definite that the Companies will seek rate relief
134 in three years:

135 No, it is not definite that the Companies will seek rate relief
136 in three years. However, in the Companies' opinion, three
137 years is the best estimate of the time in which they will seek

138 rate relief, especially given the existing and projected level of
139 capital expenditures for the Companies' gas distribution
140 systems.

141 The goal in setting an amortization period is to select a time interval that
142 allows a Company to recover the instant rate case expense approved by
143 the Commission before its next rate case proceeding. If the Company
144 initiates its next rate proceeding before it has fully recovered the prior
145 approved rate case expense, the unamortized portion can be included in
146 the new proceeding. In fact, there is unamortized prior rate case expense
147 in the revenue requirement for each Company in this proceeding.
148 However, if a Company exceeds the selected amortization period before it
149 initiates its next rate proceeding, it will over-recover rate case expense,
150 and there is no mechanism for returning the over-recovered amount to
151 ratepayers. In selecting an amortization period, it is more appropriate to
152 look at a Company's actual rate case history than to rely on an estimated
153 time period until the next rate proceeding. Based on rate case history, five
154 years is more appropriate than three years over which to amortize the rate
155 case expense of the instant proceeding.

156 Q. In support of his argument for a three-year amortization period, Company
157 witness Opich identifies three recent cases in which the Commission

158 approved a three-year amortization period for rate case expenses. Please
159 comment.

160

161 A. Presumably, three years was judged to be the appropriate amortization
162 interval based upon the facts particular to each case.

163 Q. Does the Company accept your adjustment to correct unamortized prior
164 rate case expense for each Company to reflect the allocation method and
165 amount that was approved in the previous rate case?

166

167 A. Based on AmerenCIPS Exhibit No. 14.5, lines 16 and 17, and AmerenUE
168 Exhibit No. 14.5, lines 10 and 11, it appears that the Company accepts the
169 adjustment.

170 Wage Expense

171 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.9, Wage Expense
172 Adjustment.

173

174 A. Schedule 8.9 presents my adjustment to disallow the 2003 wage increase
175 for collective bargaining unit employees. It also reflects that the Company
176 accepted my adjustment to disallow the 2003 wage increase for
177 management employees.

178 Q. Explain why you do not agree with Company witness Opich's assertion
179 (AmerenCIPS/UE Exhibit No. 14.0, pages 13-14) that it is not reasonable
180 to eliminate the 2003 labor increases for collective bargaining unit
181 employees.

182
183 A. I agree that it is not reasonable for ratepayers to pay for a pro forma wage
184 increase that, at this point in time, clearly does not meet the standard for a
185 "known and measurable change" as required by 83 Ill. Adm. Code
186 285.150. (ICC Staff Exhibit 1.0, page 10.) According to Mr. Opich's
187 rebuttal testimony filed on May 5, 2003, formal negotiations between the
188 Companies and the collective bargaining units for the current contracts
189 that expire on June 30, 2003 had just begun, and no offer had been
190 presented by the Companies to the bargaining units. It is unknown when
191 a new contract will take effect, if it will contain a pay increase, the rate of
192 any increase, and the date the increase becomes effective.

193 Pension Expense

194 Q. Please explain ICC Staff Exhibit 8.0, Schedule 8.10, Pension Expense
195 Adjustment.

196
197 A. Schedule 8.10 reflects the Company's acceptance of my proposed
198 disallowance of expense related to a supplemental retirement plan and to

199 survivor's benefits under the deferred compensation plan. (AmerenCIPS
200 Exhibit No. 14.5, lines 14-15, and AmerenUE Exhibit No. 14.5, lines 8-9.)

201 Incentive Compensation

202 Q. Please explain ICC Staff Exhibit 8.0, Schedule 8.11, Incentive
203 Compensation Expense Adjustment.

204

205 A. Schedule 8.11 presents my adjustment to disallow incentive
206 compensation. The adjustment has been revised since my direct
207 testimony to also disallow incentive compensation included in affiliate
208 payments to AmerenEnergy Fuels and Services Company ("AFS").

209 Q. Did you review the rebuttal testimonies of Company witnesses pertaining
210 to your incentive compensation adjustment?

211

212 A. Yes. I have reviewed the testimonies of Jimmy L. Davis, AmerenCIPS/UE
213 Exhibit No. 11.0 (Rev.), Mark C. Lindgren, AmerenCIPS/UE Exhibit No.
214 15.0, and David Cross, AmerenCIPS/UE Exhibit No. 16.0.

215 Q. Are the Company witnesses persuasive in their efforts to show that your
216 adjustment to remove incentive compensation from test year expenses is
217 in error?

218

219 A. No.

220 Q. Please respond to Company witness Davis' discussion of incentive
221 compensation as a critical part of the compensation package that allows
222 the Company to more easily attract and retain skilled employees and
223 provides a useful tool for focusing employee efforts and rewarding
224 employees who perform at high levels.

225

226 A. I have no basis on which to agree or disagree with Mr. Davis' assertions.
227 My adjustment is not based on the premise that incentive compensation
228 serves no purpose. My adjustment is based on the reasons identified and
229 discussed in my direct testimony, ICC Staff Exhibit 1.0, pages 14 – 18.

230 Q. According to Company witness Lindgren, "...the most significant influence
231 on the payment of incentives is the employee's individual and functional
232 performance..." (AmerenCIPS/UE Exhibit No. 15.0, page 8.) Do you
233 agree?

234

235 A. No. The most significant influence on the payment of incentives is
236 whether or not the Company has achieved a certain level of performance
237 as measured by the earnings per share ("EPS"), which is a financial

measurement that is primarily of benefit to shareholders. The EPS level determines how much money is available to fund the incentive plans. If the EPS is below the threshold level set by the Board, no funds are available and no incentive compensation is paid, regardless of how well the employees meet their individual goals.

Q. Company witness Cross states that your “position the utility could recover incentive compensation expense in rates but then not pay out the compensation, is not grounded in market reality.” (AmerenCIPS/UE Exhibit No. 16.0, page 11.) What is your response?

A. Mr. Cross also makes the following statements:

I cannot foresee at this time, in this marketplace, where it would be prudent for Ameren to discontinue the incentive compensation plans. The labor market implications of such an action would suggest to current and future employees that the opportunity to earn incentives is an empty promise which would have a significant backlash effect on the Company’s ability to retain and attract employees, to say nothing of the fact that employee morale would be undermined. (AmerenCIPS/UE Exhibit No. 16.0, page 10.)

Mr. Cross’ rebuttal testimony was filed on May 5, 2003. Approximately three months earlier, on February 14, 2003, the Company notified employees covered by the various incentive compensation plans that, based on the adjusted EPS results for 2002, the plans would be funded and bonuses for 2002 would be paid. The notification letter received by

263 bargaining unit employees covered by the AIP also included the following
264 information.

265 Because of Ameren's current financial situation and the
266 wage freeze imposed on management employees, Ameren
267 is not currently planning to offer the AIP in 2003.

268 The reality is that incentive compensation plans are discretionary and may
269 be suspended (or discontinued) at any time, even at the risk of being
270 imprudent, as suggested by Mr. Cross.

271 Q. What is the financial effect of suspending an incentive compensation plan
272 if the Company is allowed to recover incentive compensation through
273 rates?

274

275 A. All else being equal, net income is enhanced when a Company is allowed
276 to recover an expense that has been provided for in rates but that is not
277 incurred. Once rates are set, the rates remain in effect until the next rate
278 proceeding. If the Company were allowed to include incentive
279 compensation in its revenue requirement, ratepayers would provide
280 funding (through rates) even if no cost were incurred by the Company
281 because plan goals were not met – or, in this instance, because the
282 Company decided to suspend the incentive plan.

283 Q. Please explain the increase to your incentive compensation adjustment on

284 Schedule 8.11.

285

286 A. The increase reflects incentive compensation paid to the employees of
287 AFS that is included in the Company's revenue requirement. The
288 incentive compensation is part of the charge for fuel procurement services
289 that AFS provides to the Company.

290 Q. Why was the incentive compensation for AFS employees excluded from
291 your original adjustment?

292

293 A. I did not know that AFS incentive compensation was included in the
294 Company's revenue requirement until the Company responded to data
295 request CIPS&UE-BCJ-6.03, dated May 19, 2003, which was sent in
296 response to the rebuttal testimony of Company witness Jimmy L. Davis,
297 AmerenCIPS/UE Exhibit No. 11.0 (Rev.).

298 Q. Why is it appropriate to remove the incentive compensation paid to AFS
299 employees?

300

301 A. AFS is an affiliated interest that bears the same relationship to the
302 Company as does AMS. Incentive compensation paid to AMS employees
303 and allocated to the Company was excluded from operating expense in

304 my original adjustment on Schedule 1.11 for the reasons described in my
305 direct testimony, ICC Staff Exhibit 1.0, pages 13-18. It is appropriate to
306 remove incentive compensation paid to AFS employees for the same
307 reasons.

308 Early Retirement Labor Expense

309 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.12, Early Retirement
310 Labor Expense Adjustment.

311

312 A. Schedule 8.12 reflects my adjustment to the Company's rebuttal position,
313 wherein 1) the Company accepted my pro forma adjustment to reduce
314 operating expenses by the amount of early retirement labor savings and 2)
315 the Company proposed a pro forma adjustment to add back the labor
316 expense of the vacated positions that it expects to refill.

317 Q. What is your understanding of the Company's position regarding your
318 Early Retirement Labor Expense adjustment?

319

320 A. Based on the testimony of Company witness Tom Opich
321 (AmerenCIPS/UE Exhibit No. 14.0, pages 11-13), it appears that the
322 Company disagrees with the fact that I did not allow for labor expense for

323 the positions that are to be refilled or for the additional expenses incurred
324 to implement the VRP.

325 Q. Why are you disallowing labor expense for the positions that are to be
326 refilled?

327

328 A. The information regarding the VRP provided in the Company's
329 supplemental response to Staff data request CIPS-069 and UE-069 does
330 not indicate that the positions have been refilled, only that the Company
331 intends to refill them. The potential labor expense does not meet the
332 "known and measurable" standard required by 83 Ill. Adm. Code 285.150
333 for a pro forma adjustment. (ICC Staff Exhibit 1.0, page 10.) Until such
334 time as the Company can demonstrate that the positions have been filled,
335 I stand by my proposed disallowance of the labor expense for the unfilled
336 positions.

337 Voluntary Retirement Program Costs

338 Q. Please describe ICC Staff Exhibit 8.0, Schedule 8.13, Voluntary
339 Retirement Program Costs Adjustment.

340

341 A. Schedule 8.13 reflects my adjustment to disallow the amortized costs of
342 the Voluntary Retirement Program, which the Company included in the

343 revenue requirement filed with its rebuttal testimony. (AmerenCIPS
344 Exhibit No. 14.6 and AmerenUE Exhibit No. 14.6.)

345 Q. What do the expenses incurred to implement the VRP plan represent?
346

347 A. Approximately ninety-eight percent (98%) of the VRP expenses are for
348 pension plan and other post employment benefits ("OPEB") costs. It is my
349 understanding that these costs represent the difference between the
350 benefits earned to date by the voluntary retirees and the benefits to be
351 received by them in the future.

352 Q. Why are you disallowing the costs incurred to implement the VRP?
353

354 A. According to the Company, the pro forma test year pension and OPEB
355 expenses proposed by the Company are based on the 2003 budget,
356 which is based on the 2002 actuarial study. The 2002 actuarial study
357 does not reflect the early retirements. I made no adjustment to the pro
358 forma test year pension and OPEB expenses for the early retirements;
359 therefore, annual pension and OPEB expenses for the retirees is included
360 in the revenue requirement, and the Company will recover the expense in
361 base rates until the next rate proceeding. If the Company were allowed to
362 add the VRP costs as proposed, it would recover the expense twice.

363 Conclusion

364 Q. Does this question end your prepared rebuttal testimony?

365

366 A. Yes.

AmerenCIPS
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

[illegible]

AmerenCIPS
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Schs. C-2, C-3, CIPS Ex. 10.4)	Company Rebuttal Adjustments (CIPS Ex. No. 14.4)	Company Rebuttal Pro Forma Present (B+C)
	(A)	(B)	(C)	(D)
1	Operating Revenues	\$ 52,831	\$ -	\$ 52,831
2	Other Revenues	1,351	-	1,351
3	PGA Revenues	86,819	-	86,819
4		-	-	-
5	Total Operating Revenue	141,001	-	141,001
6	Uncollectible Accounts	1,442	-	1,442
7	Production	1,021	(57)	964
8	PGA Expenses	86,819	-	86,819
9	Gas Storage and Processing	1,701	(48)	1,653
10	Transmission	1,013	(53)	960
11	Distribution	13,907	(786)	13,121
12	Customer Accounts	2,748	(152)	2,596
13	Customer Service	133	(11)	122
14	Sales	192	(14)	178
15	Administrative and General	14,363	879	15,242
16	Depreciation and Amortization	7,359	(1)	7,358
17	Taxes Other Than Income	2,272	(100)	2,172
18		-	-	-
19	Total Operating Expense			
20	Before Income Taxes	132,970	(343)	132,627
21	State Income Tax	313	(15)	298
22	Federal Income Tax	972	(67)	905
23	Deferred Invest. Tax Credits - Net	(162)	-	(162)
24	Total Operating Expenses	134,093	(425)	133,668
25	NET OPERATING INCOME	\$ 6,908	\$ 425	\$ 7,333

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 8.0 Sch. 8.5 CIPS)	Outside Services (St. Ex. 8.0 Sch. 8.7 CIPS)	Rate Case Expense (St. Ex. 8.0 Sch. 8.8 CIPS)	Wage Expense (St. Ex. 8.0 Sch. 8.9 CIPS)	Pension Expense (St. Ex. 8.0 Sch. 8.10 CIPS)	Incentive Compensation (St. Ex. 8.0 Sch. 8.11 CIPS)	Early Retirement (St. Ex. 8.0 Sch. 8.12 CIPS)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	-	-	(88)	(8)	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	(9)	-	(14)	(7)	(30)
10	Transmission	-	-	-	(4)	-	(25)	(8)	(37)
11	Distribution	-	-	-	(185)	-	(257)	(137)	(579)
12	Customer Accounts	-	-	-	(43)	-	(40)	(27)	(110)
13	Customer Service	-	-	-	-	-	(6)	(1)	(7)
14	Sales	-	-	-	-	-	(7)	(2)	(9)
15	Administrative and General	-	-	(41)	(13)	-	(97)	(29)	(180)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(19)	-	(41)	(17)	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	(41)	(273)	-	(575)	(236)	(1,125)
20	Before Income Taxes	-	-	(41)	(273)	-	(575)	(236)	(1,125)
21	State Income Tax	2	-	3	20	-	42	17	84
22	Federal Income Tax	7	-	13	89	-	187	77	373
23	Deferred Invest. Tax Credits - Ne	-	-	-	-	-	-	-	-
24	Total Operating Expense:	9	-	(25)	(164)	-	(346)	(142)	(668)
25	NET OPERATING INCOME	\$ (9)	\$ -	\$ 25	\$ 164	\$ -	\$ 346	\$ 142	\$ 668

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Voluntary Retirement Program Costs (St. Ex. 8.0 Sch. 8.13 CIPS)	Uncollectibles Expense (St. Ex. 10.0 Sch. 10.3 CIPS)	Advertising Expense (St. Ex. 10.0 Sch. 10.4 CIPS)	Charitable Contributions (St. Ex. 10.0 Sch. 10.5 CIPS)	Membership Dues (St. Ex. 10.0 Sch. 10.6 CIPS)	Interest on Customer Deposits (St. Ex. 10.0 Sch. 10.7 CIPS)	Subtotal Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	(453)	-	-	-	-	(453)
7	Production	(96)	-	-	-	-	-	-	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	(30)	-	-	-	-	-	-	(30)
10	Transmission	(37)	-	-	-	-	-	-	(37)
11	Distribution	(579)	-	-	-	-	-	-	(579)
12	Customer Accounts	(110)	-	-	-	-	-	-	(110)
13	Customer Service	(7)	-	-	(5)	-	-	-	(12)
14	Sales	(9)	-	-	-	-	-	-	(9)
15	Administrative and General	(180)	(1,150)	-	-	-	-	-	(1,330)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(77)	-	-	-	-	-	-	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	-	-	-	-	-	-
20	Before Income Taxes	(1,125)	(1,150)	(453)	(5)	-	-	-	(2,733)
21	State Income Tax	84	84	33	-	-	-	-	201
22	Federal Income Tax	373	373	147	2	-	-	-	895
23	Deferred Invest. Tax Credits - Net	-	-	-	-	-	-	-	-
24	Total Operating Expense:	(668)	(693)	(273)	(3)	-	-	-	(1,637)
25	NET OPERATING INCOME	\$ 668	\$ 693	\$ 273	\$ 3	\$ -	\$ -	\$ -	\$ 1,637

AmerenCIPS
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Income Tax Expense (St. Ex. 10.0 Sch. 10.8 CIPS)	Belle Gent Storage Field (St. Ex. 9.0 Sch. 9.2 CIPS)	(Source)	(Source)	(Source)	(Source)	Total Operating Statement Adjustments
	(A)	(R)	(S)	(T)	(U)	(V)	(W)	(X)	(Y)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	(453)	-	-	-	-	-	-	(453)
7	Production	(96)	-	-	-	-	-	-	(96)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	(30)	-	(4)	-	-	-	-	(34)
10	Transmission	(37)	-	-	-	-	-	-	(37)
11	Distribution	(579)	-	-	-	-	-	-	(579)
12	Customer Accounts	(110)	-	-	-	-	-	-	(110)
13	Customer Service	(12)	-	-	-	-	-	-	(12)
14	Sales	(9)	-	-	-	-	-	-	(9)
15	Administrative and General	(1,330)	-	-	-	-	-	-	(1,330)
16	Depreciation and Amortization	-	-	(5)	-	-	-	-	(5)
17	Taxes Other Than Income	(77)	-	-	-	-	-	-	(77)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	(2,733)	-	(9)	-	-	-	-	(2,742)
21	State Income Tax	201	(119)	1	-	-	-	-	83
22	Federal Income Tax	895	(108)	3	-	-	-	-	790
23	Deferred Invest. Tax Credits - Ne	-	-	-	-	-	-	-	-
24	Total Operating Expense:	(1,637)	(227)	(5)	-	-	-	-	(1,869)
25	NET OPERATING INCOME	\$ 1,637	\$ 227	\$ 5	\$ -	\$ -	\$ -	\$ -	\$ 1,869

AmerenCIPS
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (St. Ex. 8.0 Sch. 8.3 CIPS, p. 2)	Staff Adjustments (St. Ex. 8.0 Sch 8.4 CIPS)	Staff Pro Forma Rate Base (Col. B+C)
		(A)	(B)	(C)
1	Gross Plant in Service	\$ 299,201	\$ (127)	\$ 299,074
2	Accumulated Depreciation	(137,601)	185	(137,416)
3		-	-	-
4	Net Plant	161,600	58	161,658
5	Additions to Rate Base			
6	Materials & Supplies	1,063	-	1,063
7	Gas Stored Underground & Propane	26,979	(891)	26,088
8	Cash Working Capital	7,386	(7,386)	-
9	Deferred Info System Development	102	-	102
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base		-	
17	Customer Advances	(717)	-	(717)
18	Customer Deposits	(688)	-	(688)
19	Pre-1971 Investment Tax Credits	(2)	-	(2)
20	Accumulated Deferred Income Taxes	(21,144)	-	(21,144)
21		-	-	-
22		-	-	-
23	Rate Base	<u>\$ 174,579</u>	<u>\$ (8,219)</u>	<u>\$ 166,360</u>

AmerenCIPS
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1)	Company Rebuttal Adjustments (CIPS Ex. No. 14.2)	Company Rebuttal Pro Forma (B+C)
	(A)	(B)	(C)	(D)
1	Gross Plant in Service	\$ 299,371	\$ (170)	\$299,201
2	Accumulated Depreciation	(137,619)	18	(137,601)
3		-	-	-
4	Net Plant	161,752	(152)	\$161,600
5	Additions to Rate Base	-	-	-
6	Materials & Supplies	1,381	(318)	1,063
7	Gas Stored Underground & Propane	27,537	(558)	26,979
8	Cash Working Capital	8,558	(1,172)	7,386
9	Deferred Info System Development	102	-	102
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base	-	-	-
17	Customer Advances	(717)	-	(717)
18	Customer Deposits	(906)	218	(688)
19	Pre-1971 Investment Tax Credits	(2)	-	(2)
20	Accumulated Deferred Income Taxes	(21,144)	-	(21,144)
21		-	-	-
22		-	-	-
23	Rate Base	\$ 176,561	\$ (1,982)	\$ 174,579

AmerenCIPS
Adjustments to Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 10.0 Sch. 10.1 CIPS)	Material & Supplies (St. Ex. 10.0 Sch. 10.2 CIPS)	Customer Deposits (St. Ex. 10.0 Sch. 10.7 CIPS)	Underground Storage (St. Ex. 11.0 Sch. 11.1 CIPS)	Plant Held for Future Use (St. Ex. 9.0 Sch. 9.1)	Belle Gent Storage Field (St. Ex. 9.0 Sch. 9.2)	Richwood Storage Field (St. Ex. 9.0 Sch. 9.3)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (127)	\$ -	\$ (127)
2	Accumulated Depreciation	-	-	-	-	-	127	58	185
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	58	58
5	Additions to Rate Base	-	-	-	-	-	-	-	-
6	Materials & Supplies	-	-	-	-	-	-	-	-
7	Gas Stored Underground & Propane	-	-	-	(891)	-	-	-	(891)
8	Cash Working Capital	(7,386)	-	-	-	-	-	-	(7,386)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (7,386)	\$ -	\$ -	\$ (891)	\$ -	\$ -	\$ 58	\$ (8,219)

AmerenCIPS
Interest Synchronization Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description (A)	Amount (B)
1	Gross Plant in Service	\$ 166,360 (1)
2	Weighted Cost of Debt	3.310% (2)
3	Synchronized Interest Per Staff	5,507
4	Company Interest Expense	<u>5,528</u> (3)
5	Increase (Decrease) in Interest Expense	<u>(21)</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	<u>\$ 2</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	<u>\$ 7</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3 CIPS, Column (D).

(2) Source: ICC Staff Exhibit 6.0, Schedule 6.1 CIPS.

(3) Source: Company Schedule C-6, Column (D).

AmerenCIPS
Gross Revenue Conversion Factor
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.6600%	<u>0.006600</u>	
3	State Taxable Income		0.993400	1.000000
4	State Income Tax	7.3000%	<u>0.072518</u>	<u>0.073000</u>
5	Federal Taxable Income		0.920882	0.927000
6	Federal Income Tax	35.0000%	<u>0.322309</u>	<u>0.324450</u>
7	Operating Income		<u>0.598573</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.670640</u>	<u>1.659613</u>

Central Illinois Public Service Company
Outside Services Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 3,760
2	Outside Services Expense Per Company	3,760
3	Adjustment to A & G Expense	<u>\$ -</u>

Source:

Line 2 Company Exhibit CIPS-063(f).

Central Illinois Public Service Company
Rate Case Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company Rebuttal (D)	Rate Case Expense Adjust. (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	71	71	
6		<u>\$ 308</u>	<u>\$ 308</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 62</u>	<u>\$ 103</u>	<u>\$ (41)</u>

Source:

Column C, Line 5 Company workpaper WPC-3.14b (\$77,779 x 91.13%).
Column D, except line 5 Company workpaper WPC-3.14a (expense/2).
Column D, Line 5 AmerenCIPS Ex. No. I4.4, line 20. $\$11 \times 3 \text{ yrs amort.} = \$33 + \$39 \text{ (per Co. WPC-3.14a)} = \$72 - 1 \text{ (rounding)} = \71

Central Illinois Public Service Company
Wage Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Eliminate 2003 Salary Increase for Management (E)	Wage Increase Per Company Rebuttal Position (D+E) (F)	Staff Adjustments	
						Wage Expense (C-F) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Production	\$ 14	\$ 34	\$ (20)	\$ 14	\$ -	
2	Gas Storage & Processing	13	29	(7)	22	(9)	
3	Transmission	15	34	(15)	19	(4)	
4	Distribution	258	558	(115)	443	(185)	
5	Other -						
6	Customer Accounts	51	108	(14)	94	(43)	
7	Customer Service	3	6	(3)	3	-	
8	Sales	3	8	(5)	3	-	
9	Administrative & General	53	126	(60)	66	(13)	
10	Total	<u>\$ 410</u>	<u>\$ 903</u>	<u>\$ (239)</u>	<u>\$ 664</u>	<u>\$ (254)</u>	<u>\$ (19)</u>

Source:

Column C, Lines 1-4 CIPS workpaper WPC-3.7a, column e1.
Column C, Line 6-9 CIPS workpaper WPC-3.7a, column e2.
Column D CIPS workpaper WPC-3.7a, column h.
Column E Company Rebuttal, AmerenCIPS Exhibit No. 14.4, line 3.

Central Illinois Public Service Company
Pension Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Pension Expense Per Staff (C)	Pension Expense Per Company Rebuttal Position (D)	Pension Expense Adjustment (C-D) (E)
1	Pension Plans:			
2	Supplemental Excess	\$ -	\$ -	\$ -
3	Deferred Compensation-Survivor Benefits	-	-	-
4	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source:
Column D

AmerenCIPS Exhibit No. 14.5, lines 14-15.
(See ICC Staff Ex. 1.0, Sch. 1.10 CIPS for adjustment filed with Staff direct tty.)

Central Illinois Public Service Company
Incentive Compensation Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Incentive Compensation Recorded for AFS Employees (E)	Staff Adjustments	
					Incentive Comp. Expene (C-D-E) (F)	Associated Payroll Tax (F*7.65%) (G)
1	Production	\$ -	\$ 30	\$ 58	\$ (88)	
2	Gas Storage & Processing	-	14		(14)	
3	Transmission	-	25		(25)	
4	Distribution	-	257		(257)	
5	Other -					
6	Customer Accounts	-	40		(40)	
7	Customer Service	-	6		(6)	
8	Sales	-	7		(7)	
9	Administrative & General	-	97		(97)	
10	Total	<u>\$ -</u>	<u>\$ 476</u>	<u>\$ 58</u>	<u>\$ (534)</u>	<u>\$ (41)</u>

Source:

Column D

CIPS workpaper WPC-3.7a, column c.

Column E

Company response to data request CIPS&UE-BCJ-6.03.

Central Illinois Public Service Company
Early Retirement Labor Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company Rebuttal		Staff Adjustments	
					Retired Positions (F)	Refilled Positions (G)	Labor Expense (E-F-G) (H)	Associated Payroll Tax (H*7.65%) (I)
1	Gas O & M							
2	Production	\$ 512	4%	\$ (45)	\$ (45)	\$ 8	\$ (8)	
3	Storage	472	3%	(42)	(42)	7	(7)	
4	Transmission	525	4%	(46)	(46)	8	(8)	
5	Distribution	9,141	63%	(808)	(808)	137	(137)	
6	Cust. Accounts	1,776	12%	(157)	(157)	27	(27)	
7	Customer Service	99	1%	(9)	(9)	1	(1)	
8	Sales	125	1%	(11)	(11)	2	(2)	
9	Admin. & General	1,960	13%	(173)	(173)	29	(29)	
10	Total	<u>\$ 14,610</u>	<u>100%</u>	<u>\$ (1,291)</u>	<u>\$ (1,291)</u>	<u>\$ 219</u>	<u>\$ (219)</u>	<u>\$ (17)</u>

Source:

Col. C CIPS workpaper WPC-3.7a, col f.
Col. D Column C/Total Column C.
Col. E, line 10 Supplemental Response to Staff data request CIPS-069, item 3, p. 7.
Col. E, lines 2-9 Column D x Column E, line 10.
Col. F Company rebuttal, AmerenCIPS Ex. No. 14.4, line 5.
Col. G Company rebuttal, AmerenCIPS Ex. No. 14.4, line 7.

Central Illinois Public Service Company
Voluntary Retirement Program Costs Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Per Staff (C)	Per Company (D)	Staff Adjustment to A & G Expense (C-D) (E)
1	Voluntary Retirement Program ("VRP") Costs	\$ -	\$ 3,451	
2	Amortization Period in Years	-	3	
3	VRP Amortization Per Year (Line 1/Line 2)	\$ -	\$ 1,150	\$ (1,150)

Source:

Line 1 Company supplemental response to Staff data request CIPS-069, item 1), page 1.
Lines 2-3 AmerenCIPS Exhibit No. 14.4, lines 9 & 10.

AmerenUE
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

[illegible]

AmerenUE
Statement of Operating Income with Adjustments
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Pro Forma Present (Co. Schs. C-2, C-3)	Company Rebuttal Adjustments (UE Ex. 14.4)	Company Rebuttal Pro Forma Present (B+C)
	(A)	(B)	(C)	(D)
1	Operating Revenues	\$ 4,960	\$ -	\$ 4,960
2	Other Revenues	174	-	174
3	PGA Revenues	9,852	-	9,852
4		<u>-</u>	<u>-</u>	<u>-</u>
5	Total Operating Revenue	14,986	-	14,986
6	Uncollectible Accounts	399	-	399
7	Production	244	(12)	232
8	PGA Expenses	9,852	-	9,852
9	Gas Storage and Processing	-	-	-
10	Transmission	53	(3)	50
11	Distribution	1,562	(88)	1,474
12	Customer Accounts	690	(21)	669
13	Customer Service	108	(6)	102
14	Sales	12	(1)	11
15	Administrative and General	2,327	62	2,389
16	Depreciation and Amortization	756	-	756
17	Taxes Other Than Income	181	(13)	168
18		<u>-</u>	<u>-</u>	<u>-</u>
19	Total Operating Expense			
20	Before Income Taxes	16,184	(82)	16,102
21	State Income Tax	-	(1)	(1)
22	Federal Income Tax	(206)	(4)	(210)
23	Deferred Invest. Tax Credits - Net	<u>(16)</u>	<u>-</u>	<u>(16)</u>
24	Total Operating Expenses	15,962	(87)	15,875
25	NET OPERATING INCOME	<u>\$ (976)</u>	<u>\$ 87</u>	<u>\$ (889)</u>

AmerenUE
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Interest Synchronization (St. Ex. 8.0 Sch. 8.5 UE)	Outside Services (St. Ex. 8.0 Sch. 8.7 UE)	Rate Case Expense (St. Ex. 8.0 Sch. 8.8 UE)	Wage Expense (St. Ex. 8.0 Sch. 8.9 UE)	Pension Expense (St. Ex. 8.0 Sch. 8.10 UE)	Incentive Compensation (St. Ex. 8.0 Sch. 8.11 UE)	Early Retirement (St. Ex. 8.0 Sch. 8.12 UE)	Subtotal Operating Statement Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	-	-	-	-	-	-
7	Production	-	-	-	-	-	(24)	(2)	(26)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	-	-	-	-	-	(1)	-	(1)
11	Distribution	-	-	-	(26)	-	(26)	(16)	(68)
12	Customer Accounts	-	-	-	(6)	-	(6)	(4)	(16)
13	Customer Service	-	-	-	(2)	-	(2)	(1)	(5)
14	Sales	-	-	-	(1)	-	-	-	(1)
15	Administrative and General	-	-	(32)	(3)	-	(17)	(5)	(57)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	-	-	-	(3)	-	(6)	(2)	(11)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense	-	-	(32)	(41)	-	(82)	(30)	(185)
20	Before Income Taxes	-	-	(32)	(41)	-	(82)	(30)	(185)
21	State Income Tax	(3)	-	2	3	-	6	2	10
22	Federal Income Tax	(14)	-	10	13	-	27	10	46
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expense:	(17)	-	(20)	(25)	-	(49)	(18)	(129)
25	NET OPERATING INCOME	\$ 17	\$ -	\$ 20	\$ 25	\$ -	\$ 49	\$ 18	\$ 129

AmerenUE
Adjustments to Operating Income
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Subtotal Operating Statement Adjustments	Voluntary Retirement Program Costs (St. Ex. 8.0 Sch. 8.13 UE)	Uncollectibles Expense (St. Ex. 10.0 Sch. 10.3 UE)	Advertising Expense (St. Ex. 10.0 Sch. 10.4 UE)	Income Tax Expense (St. Ex. 10.0 Sch. 10.8 UE)	Automated Meter Reading Expense (St. Ex. 11.0 Sch. 11.1 UE)	(Source)	Total Operating Statement Adjustments
	(A)	(J)	(K)	(L)	(M)	(N)	(O)	(P)	(Q)
1	Operating Revenues	\$ -		\$ -	\$ -			\$ -	\$ -
2	Other Revenues	-	-	-	-	-	-	-	-
3	PGA Revenues	-	-	-	-	-	-	-	-
4		-	-	-	-	-	-	-	-
5	Total Operating Revenue	-	-	-	-	-	-	-	-
6	Uncollectible Accounts	-	-	(297)	-	-	-	-	(297)
7	Production	(26)	-	-	-	-	-	-	(26)
8	PGA Expenses	-	-	-	-	-	-	-	-
9	Gas Storage and Processing	-	-	-	-	-	-	-	-
10	Transmission	(1)	-	-	-	-	-	-	(1)
11	Distribution	(68)	-	-	-	-	-	-	(68)
12	Customer Accounts	(16)	-	-	-	-	(210)	-	(226)
13	Customer Service	(5)	-	-	(1)	-	-	-	(6)
14	Sales	(1)	-	-	-	-	-	-	(1)
15	Administrative and General	(57)	(122)	-	-	-	-	-	(179)
16	Depreciation and Amortization	-	-	-	-	-	-	-	-
17	Taxes Other Than Income	(11)	-	-	-	-	-	-	(11)
18		-	-	-	-	-	-	-	-
19	Total Operating Expense								
20	Before Income Taxes	(185)	(122)	(297)	(1)	-	(210)	-	(815)
21	State Income Tax	10	9	22	-	(113)	15	-	(57)
22	Federal Income Tax	46	40	96	-	(337)	68	-	(87)
23	ITCs	-	-	-	-	-	-	-	-
24	Total Operating Expenses	(129)	(73)	(179)	(1)	(450)	(127)	-	(959)
25	NET OPERATING INCOME	\$ 129	\$ 73	\$ 179	\$ 1	\$ 450	\$ 127	\$ -	\$ 959

AmerenUE
Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Company Rebuttal Pro Forma Rate Base (St. Ex. 8.0 Sch. 8.3 UE, p. 2)	Staff Adjustments (St. Ex. 8.0 Sch 8.4 UE)	Staff Pro Forma Rate Base (Col. B+C)
		(A)	(B)	(C)
1	Gross Plant in Service	\$ 32,088	\$ -	\$ 32,088
2	Accumulated Depreciation	(15,977)	-	(15,977)
3		-	-	-
4	Net Plant	16,111	-	16,111
5	Additions to Rate Base			
6	Materials & Supplies	36	-	36
7	Gas Stored Underground & Propane	1,703	(2)	1,701
8	Cash Working Capital	840	(840)	-
9	Deferred Info System Development	-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Customer Advances	(147)	-	(147)
18	Customer Deposits	(46)	-	(46)
19	Pre-1971 Investment Tax Credits	(13)	-	(13)
20	Accumulated Deferred Income Taxes	(1,734)	-	(1,734)
21		-	-	-
22		-	-	-
23	Rate Base	\$ 16,750	\$ (842)	\$ 15,908

AmerenUE

Rate Base

For the Test Year Ending June 30, 2002

(In Thousands)

Line No.	Description	Company Pro Forma Rate Base (Co. Sch. B-1) (B)	Company Rebuttal Adjustments (UE. Ex. 14.2) (C)	Company Rebuttal Pro Forma (B+C) (D)
1	Gross Plant in Service	\$ 32,088	\$ -	\$ 32,088
2	Accumulated Depreciation	(15,977)	-	(15,977)
3		-	-	-
4	Net Plant	16,111	-	\$16,111
5	Additions to Rate Base			
6	Materials & Supplies	47	(11)	36
7	Gas Stored Underground & Propane	1,703	-	1,703
8	Cash Working Capital	928	(88)	840
9	Deferred Info System Development	-	-	-
10		-	-	-
11		-	-	-
12		-	-	-
13		-	-	-
14		-	-	-
15		-	-	-
16	Deductions From Rate Base			
17	Customer Advances	(147)	-	(147)
18	Customer Deposits	(51)	5	(46)
19	Pre-1971 Investment Tax Credits	(13)	-	(13)
20	Accumulated Deferred Income Taxes	(1,734)	-	(1,734)
21		-	-	-
22		-	-	-
23	Rate Base	\$ 16,844	\$ (94)	\$ 16,750

AmerenUE
Adjustments to Rate Base
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Cash Working Capital (St. Ex. 10.0 Sch. 10.1 UE)	Material & Supplies (St. Ex. 10.0 Sch. 10.2 UE)	Customer Deposits (St. Ex. 10.0 Sch. 10.7 UE)	Underground Storage (St. Ex. 11.0 Sch. 11.1 UE)	(Source)	(Source)	(Source)	Total Rate Base Adjustments
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H)	(I)
1	Gross Plant in Service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2	Accumulated Depreciation	-	-	-	-	-	-	-	-
3		-	-	-	-	-	-	-	-
4	Net Plant	-	-	-	-	-	-	-	-
5	Additions to Rate Base								
6	Materials & Supplies	-	-	-	-	-	-	-	-
7	Gas Stored Underground & Propane	-	-	-	(2)	-	-	-	(2)
8	Cash Working Capital	(840)	-	-	-	-	-	-	(840)
9	Deferred Info System Development	-	-	-	-	-	-	-	-
10		-	-	-	-	-	-	-	-
11		-	-	-	-	-	-	-	-
12		-	-	-	-	-	-	-	-
13		-	-	-	-	-	-	-	-
14		-	-	-	-	-	-	-	-
15		-	-	-	-	-	-	-	-
16	Deductions From Rate Base	-	-	-	-	-	-	-	-
17	Customer Advances	-	-	-	-	-	-	-	-
18	Customer Deposits	-	-	-	-	-	-	-	-
19	Pre-1971 Investment Tax Credits	-	-	-	-	-	-	-	-
20	Accumulated Deferred Income Taxes	-	-	-	-	-	-	-	-
21		-	-	-	-	-	-	-	-
22		-	-	-	-	-	-	-	-
23	Rate Base	\$ (840)	\$ -	\$ -	\$ (2)	\$ -	\$ -	\$ -	\$ (842)

AmerenUE
Interest Synchronization Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description (A)	Amount (B)
1	Gross Plant in Service	\$ 15,908 (1)
2	Weighted Cost of Debt	2.610% (2)
3	Synchronized Interest Per Staff	415
4	Company Interest Expense	<u>371</u> (3)
5	Increase (Decrease) in Interest Expense	<u>44</u>
6	Increase (Decrease) in State Income Tax Expense	
7	at 7.300%	\$ <u>(3)</u>
8	Increase (Decrease) in Federal Income Tax Expense	
9	at 35.000%	\$ <u>(14)</u>

(1) Source: ICC Staff Ex. 8.0, Schedule 8.3 UE, Column (D).

(2) Source: ICC Staff Exhibit 13.0, Schedule 13.1 UE.

(3) Source: Company Schedule C-6.2.

AmerenUE
Gross Revenue Conversion Factor
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Rate	Per Staff With Bad Debts	Per Staff Without Bad Debts
	(A)	(B)	(C)	(D)
1	Revenues		1.000000	
2	Uncollectibles	0.7500%	<u>0.007500</u>	
3	State Taxable Income		0.992500	1.000000
4	State Income Tax	7.3000%	<u>0.072453</u>	<u>0.073000</u>
5	Federal Taxable Income		0.920047	0.927000
6	Federal Income Tax	35.0000%	<u>0.322016</u>	<u>0.324450</u>
7	Operating Income		<u>0.598031</u>	<u>0.602550</u>
8	Gross Revenue Conversion Factor Per Staff		<u>1.672154</u>	<u>1.659613</u>

Union Electric Company
Outside Services Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Amount
(A)	(B)	(C)
1	Outside Services Expense Per Staff	\$ 128
2	Outside Services Expense Per Company	128
3	Adjustment to A & G Expense	<u>\$ -</u>

Source:

Line 2 Company Exhibit UE-063(f).

Union Electric Company
Rate Case Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Rate Case Expense per Staff (C)	Rate Case Expense per Company Rebuttal (D)	Staff Adjustment (C-D) (E)
1	Legal Fees	\$ 68	\$ 68	
2	Consultants	150	150	
3	Outside Printing	13	13	
4	Company Witnesses Travel Expense	7	7	
5	Unamortized Prior Rate Case Expense	7	7	
6		<u>\$ 244</u>	<u>\$ 244</u>	
7	Amortization Period in Years	5	3	
8	Amortization Expense Per Year (Line 7/Line 8)	<u>\$ 49</u>	<u>\$ 81</u>	<u>\$ (32)</u>

Source:

Column C, line 5 Company workpaper WPC-3.13b (\$77,779 x 8.87%).
Column D, except line 5 Company workpaper WPC-3.13a (expense/2).
Column D, line 5 AmerenUE Ex. No. 14.4, line 14. $\$(11) \times 3 \text{ yrs amort.} = \$(33) + \$39 \text{ (per Co. WPC-3.13a)} = \$6 + 1 \text{ (rounding)} = \7

Union Electric Company
Wage Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Wage Increase per Staff (C)	Wage Increase per Company (D)	Eliminate 2003 Salary Increase for Management (E)	Wage Increase Per Company Rebuttal Position (D+E) (F)	Staff Adjustments	
						Wage Expense (C-F) (G)	Associated Payroll Tax (G*7.65%) (H)
1	Production	\$ 4	\$ 8	\$ (4)	\$ 4	\$ -	
2	Gas Storage & Processing	-	-	-	-	-	
3	Transmission	1	2	(1)	1	-	
4	Distribution	34	72	(12)	60	(26)	
5	Other -				-	-	
6	Customer Accounts	8	17	(3)	14	(6)	
7	Customer Service	3	6	(1)	5	(2)	
8	Sales	-	1	-	1	(1)	
9	Administrative & General	11	26	(12)	14	(3)	
10	Total	<u>\$ 61</u>	<u>\$ 132</u>	<u>\$ (33)</u>	<u>\$ 99</u>	<u>\$ (38)</u>	<u>\$ (3)</u>

Source:

Column C, Lines 1-4 UEC workpaper WPC-3.7a, column e1.

Column C, Line 6-9 UEC workpaper WPC-3.7a, column e2.

Column D UEC workpaper WPC-3.7a, column h.

Column E Company Rebuttal, AmerenUE Exhibit No. 14.4, line 3.

Union Electric Company
Pension Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No.	Description	Pension Expense Per Staff	Pension Expense Per Company Rebuttal Position	Pension Expense Adjustment (C-D)
(A)	(B)	(C)	(D)	(E)
1	Pension Plans:			
2	Supplemental Excess	\$ -	\$ -	\$ -
3	Deferred Compensation-Survivor Benefits	-	-	-
4	Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source:
Column D

AmerenUE Exhibit No. 14.5, lines 8-9.
(See ICC Staff Ex. 1.0, Sch. 1.10 UE for adjustment filed with Staff direct tty.)

Union Electric Company
Incentive Compensation Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Incentive Compensation Per Staff (C)	Incentive Compensation Per Company (D)	Incentive Compensation Recorded for AFS Employees (E)	Staff Adjustments	
					Incentive Comp. Expense (C-D-E) (F)	Associated Payroll Tax (F*7.65%) (G)
1	Production	\$ -	\$ 6	\$ 18	\$ (24)	
2	Gas Storage & Processing	-	-		-	
3	Transmission	-	1		(1)	
4	Distribution	-	26		(26)	
5	Other -					
6	Customer Accounts	-	6		(6)	
7	Customer Service	-	2		(2)	
8	Sales	-	-		-	
9	Administrative & General	-	17		(17)	
10	Total	<u>\$ -</u>	<u>\$ 58</u>	<u>\$ 18</u>	<u>\$ (76)</u>	<u>\$ (6)</u>

Source:

Column D

UE workpaper WPC-3.7a, column c.

Column E

Company response to data request CIPS&UE-BCJ-6.03.

Union Electric Company
Early Retirement Labor Expense Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Annualized 2002 Labor (C)	% of Total (D)	Early Retirement Labor Savings Per Staff (E)	Early Retirement Labor Savings Per Company Rebuttal		Staff Adjustments	
					Retired Positions (F)	Refilled Positions (G)	Labor Expense (E-F-G) (H)	Associated Payroll Tax (H*7.65%) (I)
1	Gas O & M							
2	Production	\$ 118	6%	\$ (9)	\$ (9)	\$ 2	\$ (2)	
3	Storage	-	0%	-	-	-	-	
4	Transmission	29	1%	(2)	(2)	-	(0)	
5	Distribution	1,187	56%	(92)	(92)	16	(16)	
6	Cust. Accounts	284	13%	(22)	(22)	4	(4)	
7	Customer Service	94	4%	(7)	(7)	1	(1)	
8	Sales	8	0%	(1)	(1)	-	0	
9	Admin. & General	411	19%	(32)	(32)	5	(5)	
10	Total	<u>\$ 2,131</u>	<u>100%</u>	<u>\$ (165)</u>	<u>\$ (165)</u>	<u>\$ 28</u>	<u>\$ (28)</u>	<u>\$ (2)</u>

Source:

Col. C UE workpaper WPC-3.7a, col f.
Col. D Column C/Total Column C.
Col. E, line 10 Supplemental Response to Staff data request UE-069, item 3, p. 7.
Col. E, lines 2-9 Column D x Column E, line 10.
Col. F Company rebuttal, AmerenUE Ex. No. 14.4, line 5.
Col. G Company rebuttal, AmerenUE Ex. No. 14.4, line 7.

Union Electric Company
Voluntary Retirement Program Costs Adjustment
For the Test Year Ending June 30, 2002
(In Thousands)

Line No. (A)	Description (B)	Per Staff (C)	Per Company (D)	Staff Adjustment to A & G Expense (C-D) (E)
1	Voluntary Retirement Program ("VRP") Costs	\$ -	\$ 366	
2	Amortization Period in Years	-	3	
3	VRP Amortization Per Year (Line 1/Line 2)	\$ -	\$ 122	\$ (122)

Source:

Line 1 Company supplemental response to Staff data request UE-069, item 1), page 1.
Lines 2-3 AmerenUE Exhibit No. 14.4, lines 9 & 10.